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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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BY HAND

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, D.C. 20554

**Re:** *Ex Parte* Presentation in CC Docket Nos. 94-1, 96-45, 99-249, and 96-262 ✓

Dear Ms. Salas:

Pursuant to 47 C.F.R. § 1.1206, Valor Telecommunications, Inc. ("Valor") hereby submits a memorandum summarizing an *ex parte* presentation in the above-listed dockets.

On March 16, 2000, representatives of Valor and Citizens Utility Company ("Citizens") met with Mr. Larry Strickling and Ms. Jane Jackson of the Common Carrier Bureau and with Ms. Kathryn Brown and Ms. Dorothy Attwood of Chairman Kennard's office for the purpose of making an *ex parte* presentation regarding the CALLS proposal. The Valor representatives present at the meeting were Ms. Anne Bingaman, Mr. Michael Page, and Mr. William Lake of Wilmer, Cutler & Pickering; Citizens was represented by Mr. Robert Caprye. Valor understands that Citizens will submit its own *ex parte* memorandum summarizing the points that it presented during this presentation.

During the meeting, Valor presented a written handout (copy attached) and discussed issues related to the CALLS proposal, including the possibility of Valor's participation in CALLS and the status of its negotiations with the CALLS group. Valor made the following points that heretofore had not been addressed in the record.

1. Valor is concerned about the impact that the CALLS proposal will have on its ability – as a company that will serve mostly rural customers – to implement its business plan and improve the quality of service provided to its customers. Valor has signed an asset purchase agreement with GTE for the acquisition of approximately 520,000 access lines and 260 exchanges in smaller to mid-sized, mostly rural, markets in New Mexico, Oklahoma and Texas. Valor's business plan calls for significant upgrades to the acquired operations. Valor is committed

to increasing its support staff by 10% within 18 months of closing in order to improve the overall quality of service. Within 24 months of closing, all of Valor's exchanges will be upgraded to full CLASS services. Also within 24 months of closing, Valor anticipates installing DSL and dial-up ISP services in its top 20 markets. Furthermore, Valor has committed to study the commercial feasibility of deploying DSL services to any community that demonstrates that at least 75 lines will subscribe to such service. Valor is concerned that the CALLS proposal, as currently structured, would impede its efforts to deploy these new services on behalf of its customers.

2. The CALLS proposal needs to acknowledge that Valor's customer base and operating characteristics put the company in a different category than other mid-sized carriers, such as Sprint, for the purpose of establishing a targeted "minute-of-use" ("MOU") rate for traffic-sensitive access charges. The CALLS group has acknowledged that the operating characteristics of Citizens may warrant a higher MOU target rate. As demonstrated by the chart handed out during the presentation (copy attached), Valor's service territory is similar to that of Citizens in its teledensity.
3. The CALLS proposal needs to establish an appropriate target MOU rate for mid-sized carriers that serve primarily rural exchanges. Both Citizens and Valor believe that \$.0095 is a reasonable MOU price floor.
4. The CALLS proposal does not adequately address the acquisition of exchange lines from larger price cap LECs by mid-sized LECs. Valor's pending acquisitions of GTE access lines are scheduled to close between 6/1/00 and 9/1/00. Valor needs to ensure that the MOU rate designated for Valor, rather than the rate appropriate for GTE, will go into effect upon closing of the acquisitions.
5. Valor is concerned that the CALLS proposal does not set aside USF funds for those exchange lines the transfer of which was negotiated as the CALLS model was being developed. Valor needs to ensure that it receives its share of the \$650 million USF fund upon closing of its acquisitions.

Respectfully submitted,



David G. Gray

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cc: Mr. Larry Strickling, Ms. Jane Jackson, CCB  
Ms. Dorothy Attwood, Ms. Kathryn Brown, Office of Chairman Kennard

**TELEDENSITY COMPARISON:**

**VALOR v. RBOCs v. CITIZENS**

	<b>Line Density (lines / square mile)</b>	<b>Access Lines/ Exchange</b>	<b>Number of Lines</b>	<b>Number of Exchanges</b>	<b>Area (sq. miles)</b>
<b>RBOCs</b>	287.5	10,853	175,959,000	16,240	580,864
<b>SPRINT<sup>1</sup></b>	56	-	-	-	-
<b>CITIZENS</b>	9.07	2,298	834,180	363	91,299
<b>VALOR</b>	10.94	1,999	519,176	260	47,448

1. As reported by John Nakahata 3/15/00.